

Chartering a Course for Global Expansion

With its strategic location on the southern shores of the Mediterranean, commerce has always been a key function of Lebanon's economy. But its business community cannot be characterized as a fleet of wheeler-dealers and the country's manufacturing sector is currently enjoying a welcome resurgence.

In revenue terms, exports rose by 30% during the first nine months of 2008—an increase largely attributable to the relative weakness of the dollar, which works in favor of Lebanon's "dollarized" balance sheet. Fadi Abboud from the Association of Lebanese Industrialists does not believe it is an advantage that is likely to be reversed in the near future—but that is not all the country has going for it.

"We have a well-trained and multilingual workforce and are able to comprehend, understand, and use technology," Abboud claims, "so Lebanon is very suitable for high value-added industries that need a skilled workforce, because it's very difficult to import the skilled workforce and change them every two years."

A partner in free trade

Lebanon nevertheless needs to expand the geographical footprint of its export markets. In 2002 Lebanon signed an association agreement with the European Union, and has made membership of the World Trade Organization (WTO) a central objective for 2009. "We want to join the WTO," says Abboud, "as the industrial

sector is already subjected to a liberal economy, free trade, and competition, and WTO membership will open the country up properly."

Established companies such as industrial packaging conglomerate INDEVCO Group are not, of course, waiting for WTO membership to strengthen their already substantial international networks. "We have many major expansion plans either already underway or in the pipeline," says INDEVCO Group's CEO Neemat Frem. "In the last two years we have developed a tissue mill in Egypt and a biomass power plant in Pennsylvania, both of which

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should become operational in 2009. Taken together with organic growth, this should enable us to deliver 15% growth annually."

Another sector with high export potential is food and produce. Combining as it does the sophistication and subtlety of European cuisine with the exotic ingredi-

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Laissez-vous séduire par le vin qui séduit le monde.

ents of the Middle East, Lebanese cuisine is now gaining in popularity. It is a potential that companies such as nut producers Al Rifai Roastery are striving to fulfill.

The company first set its sights on neighboring markets in the Middle East, explains its chairman and general manager Mohamed Al Rifai, and set up a joint venture with a Kuwaiti partner. He now has around 100 outlets—mainly franchises—spread across the region. Expanding into Europe has presented different challenges. “For the last 30 years we have been doing our best to convince retailers in the U.K., Spain, France, and Italy to display our goods. They say our nuts are beautiful but usually end up putting them in the ethnic food area,” says Al Rifai. He has had more success now that he has focused his efforts on Scandinavia and particularly Sweden, where he convinced buyers to display his products on the main nut sections. “The Al Rifai Roastery now has 12 shops in Sweden and moves are afoot to open in Denmark, Finland, and Norway,” he continues. Next stop is the U.S.



Lebanon's landscape ranges from snowy mountains and beautiful valleys to rolling vineyards and Mediterranean beaches.

Nurturing a Viticulture

If there is one industry that epitomizes the ingenuity of the Lebanese business community then it has to be the wine industry. Over the past 20 years it has survived its vineyards being bombed and the successive collapse of both its domestic and international markets, yet it has come up not just fighting, but—with the help of technological advances and sophisticated marketing techniques—flourishing.

Take Château Kefraya, which was established by its chairman and CEO Michel de Bustros in the Bekaa Valley back in 1950. What started as a series of terraces on a hillside sprinkled with rocks has developed into a vineyard of more than 300 hectares, whose adjacent manicured lawns have become part of the brand's attraction in their own right. “Since we already had a good wine we could not put it in any old bottle,” explains de Bustros, “so now we have a new painting on each year's vintage. But we also reasoned that a good wine in a beautiful bottle could not be produced in any environment—it also had to be a beautiful one. So we created 10,000 acres of beautiful lawns and named each one after a famous opera

composer such as Verdi and Puccini.” Since then de Bustros has opened both a wine shop and a restaurant, and produces an average of two million bottles each year for export to more than 35 countries.

He is not the only Lebanese vintner to boast exceptional surroundings. The country's largest wine producer is Château Ksara, founded by the Jesuits in 1857. The vineyard stores its wines in the famous natural Ksara caves that were discovered by the Romans and boast almost two kilometers of tunnels, which alone make the chateau worth a visit and attract around 40,000 visitors each year. “We are an established brand name and the natural caves, our history, and especially the modernity of our equipment give us a competitive edge,” says chairman and CEO Zafer Chaoui. “Internationally we are also doing extremely well.” Export sales will have undoubtedly been helped by the handful of gold medals his wines have won in recent years—two at the International Weinprämierung and two at the VinAgora Concours.

Although competitive, the Lebanese wine producers are also mutually supportive and have, under their own initiative,

organized themselves into the Union Vinicole du Liban (UVL) to promote their interests. While fighting for market share both domestically and abroad, they are all agreed on one thing: Given the limitations imposed by the size of their vineyards, the key to success must lie with the quality, not the quantity, of the product.

Serge Hochar, chairman of the family-run Château Musar (and the UVL's current president), will not release any of his wines to the market until they are seven years old, a policy that has won him a place on the wine lists of up to a dozen Michelin Guide restaurants in Europe. His wines can be found as far afield as Las Vegas, Aspen, and Dubai. But, like his colleagues in the other châteaux, he understands there is more to the wine trade than hard cash. “We are considered a very successful sector of the Lebanese economy,” he says, “although we do not contribute much to the GDP. They are not big figures but we send a good message about Lebanon to the world.”

And the world could do worse than listen to the message that has become one of Hochar's mantras: “If you talk about wine you forget about the war.” ●